

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 TRSE-00 XMB-04 INR-07 FEAE-00
/031 W

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FM AMEMBASSY LISBON
TO USDOC WASHDC
INFO AMCONSUL OPORTO
SECSTATE WASHDC 2332

UNCLAS SECTION 1 OF 2 LISBON 5689

E.O. 11652: N/A
TAGS: BEXP, PO
SUBJ: QUESTIONS RELATIVE TO MANUFACTURE OF SOLAR ENERGY
COMPONENTS IN PORTUGAL.

REF: USDOC 12987

1. BELOW INFORMATION KEYED TO QUESTIONS RAISED REFTEL.

2. QUESTIONS 1 AND 2: ALL WORKERS IN METAL-MECHANICAL
INDUSTRY COVERED BY COLLECTIVE WAGE CONTRACT WITH
METALLURGICAL INDUSTRY. CONTRACT, DATED MAY 15, 1977,
POUCHED BY SEPARATE AIRGRAM. MINIMUM WAGE GRADE 1
WORKER (SUCH AS ENGINEER OR INDUSTRIAL TECHNICIAN) IS
14,200 ESCUDOS PER MONTH, GRADE 2 (ACCOUNTANT) IS 12,550
ESCUDOS PER MONTH, GRADE 4 (STOCK MANAGER) 10,800 ESCUDOS
PER MONTH, GRADE 7 (CARPENTER OR JOURNEYMAN ELECTRICIAN)
9,250 ESCUDOS, ETC. FULL WAGE DETAILS, FRINGE BENEFITS,
SOCIAL SECURITY, HOLIDAYS, ALLOWANCES, ETC. AVAILABLE IN
COLLECTIVE CONTRACT.

3. QUESTION 3: A). COST OF ELECTRICITY SUPPLIED TO
INDUSTRY: HIGH TENSION: 60 ESCUDOS/KW, POWER CONNECTION
CHARGE PLUS ELECTRICITY RATE OF 0.75 ESCUDOS ON PEAK
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HOURS (8:00-22:00 HOUR PERIOD), OR 0.58 ON OFF-PEAK
HOURS (22:00-8:00 HOUR PERIOD). B). NATURAL GAS IS
NOT AVAILABLE. COST OF GASES COMMONLY USED BY THE
INDUSTRY IS PROPANE GAS(LPG): 7.6 PER KILO; BUTANE GAS:
7.2 PER KILO. THESE PRICES ARE EX-FACTORY PLUS
APPROXIMATELY 0.5 ESCUDOS FOR TRANSPORTATION. NUMBER
TWO OIL IS NOT AVAILABLE.

4. QUESTION 4: IMPORT DUTIES ON COPPER, ALUMINUM STEEL, AND SHEET GLASS DEPEND ON PARTICULAR TYPE OF PRODUCT. ENCLOSED ARE COPIES OF PORTUGUESE CUSTOMS TARIFF WITH INDICATION OF MINIMUM TARIFF RATES WHICH APPLY TO U.S. PRODUCTS. PROVISION FOR NON-PAYMENT OF DUTIES ON MATERIAL UTILIZED FOR PRODUCTS FOR EXPORT IS INDICATED UNDER 5.

5. QUESTION 5: THERE ARE NO FREE ZONES IN A STRICT SENSE. HOWEVER, IMPORTS OF MATERIALS UTILIZED IN THE MANUFACTURE OF PRODUCTS FOR EXPORT CAN BE MADE DUTY FREE, AS FOLLOWS: A). IMPORT DUTIES CAN BE PAID AT THE ENTRY OF THE GOODS AND REFUNDED AFTER EXPORT OF FINISHED PRODUCTS. B). IMPORT DUTIES CAN BE SUBSTITUTED BY A DEPOSIT FOR THOSE RAW MATERIALS CONVERTED OR PROCESSED INTO A SPECIFIC PRODUCT FOR EXPORT. C). FREE DEPOSIT STATUS (MINI FREE ZONE) CAN BE GRANTED TO FIRMS MANUFACTURING FOR EXPORT ONLY IN SPECIAL CASES, PARTICULARLY IF THE VOLUME OR MAGNITUDE OF THE BUSINESS JUSTIFIES SUCH REGIM. THE FREE DEPOSIT IS SITUATED IN A RESTRICTED AREA OF THE FIRM'S PREMISES WITH ACCESS CONFINED TO THE FIRM AND TO THE CUSTOMS AUTHORITIES. D). PORT WAREHOUSES (ENTREPOSTO): GOODS CAN BE STORED DUTY FREE FOR A PERIOD OF TWO YEARS. DUTIES ARE PAID WHEN GOODS ARE IMPORTED. IF GOODS ARE RE-EXPORTED

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THERE ARE NO DUTIES TO BE PAID. THE ONLY OPERATION ALLOWED IN PORT WAREHOUSES IS REPACKING AND LABELLING. EXPENSES INVOLVED IN A AND BARE MINOR CUSTOMS FEES (EMOLUMENTOS) AND CUSTOMS BROKER FEES. THE REGIME DESCRIBED IN C INVOLVES HIGHER EXPENSES WHICH INCLUDE THE CUSTOMS REPRESENTATIVE SALARY. EXPENSES INVOLVED WITH PORT WAREHOUSES ARE REGULATED BY PORT AUTHORITIES TABLE. LICENSES FOR A, B, C REGIMES ARE GRANTED BY CUSTOMS AUTHORITIES.

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6. IN ACCORDANCE WITH THE FOREIGN INVESTMENT CODE, TWO SPECIAL INVESTMENT AUTHORIZATION SYSTEMS HAVE BEEN ESTABLISHED: A). A GENERAL SYSTEM WITH FINANCIAL INCENTIVES AND GENERAL CONDITIONS EQUAL TO NATIONAL COMPANIES. B). A CONTRACTUAL SYSTEM, WHICH APPLIES TO ACTIVITIES OF PARTICULAR INTEREST TO THE NATIONAL ECONOMY, MAY BENEFIT FROM ADDITIONAL INCENTIVES. CODE STATES THAT ALL TYPES OF FISCAL, TARIFF AND OTHER INCENTIVES ARE OPEN FOR CONSIDERATION. NO CONTRACTS HAVE BEEN SIGNED UNDER CODE; THUS NO EXPERIENCE TO DRAW UPON WHEN DISCUSSING BREADTH OF INCENTIVES.

7. MOST FAVORABLE LOCATION COULD BE DISCUSSED WITH THE PROPER AUTHORITIES, INCLUDING GHE FOREIGN INVESTMENT INSTITUTE (UNDER INSTALLATION STAGE) OR THE FOREIGN INVESTMENT DEPARTMENT OF THE CENTRAL BANK. EMBASSY BELIEVES MOST FAVORABLE LOCATION WOULD BE IN NORTHERN PORTUGAL NEAR OPORTO. ELECTRIC POWER AND RELATIVELY SKILLED, DISCIPLINED LABOR READILY AVAILABLE. PORT OF LEIXOES CONGESTED BY ADEQUATE. TRANSPORTATION AND COMMUNICATIONS NETWORK SATISFACTORY.
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